

Message Text

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ACTION NEA-16

INFO OCT-01 ISO-00 CIAE-00 PM-07 H-03 INR-11 L-03 NSAE-00

NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20 USIA-15 MC-02

IO-14 AID-20 EB-11 OMB-01 IGA-02 COME-00 TRSE-00

ACDA-19 SAM-01 SCI-06 DRC-01 /169 W

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P 050651Z AUG 74

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC PRIORITY 0439

SECDEF WASHDC//ISA(SA)/DSAA//

C O N F I D E N T I A L KUWAIT 3273

SECDEF FOR DEPSECDEF CLEMENTS

E.O. 11652: GDS

TAGS: MASS KU

SUBJ: US MILITARY SALES TO KUWAIT: IMPROVED HAWK AND AIR
DEFENSE

SUMMARY: KUWAITI MINISTER OF DEFENSE SAYS GOK HAS DECIDED GOVERNMENT-TO-GOVERNMENT FMS SALES CASE FOR IHAWK IS MORE IN INTEREST OF KUWAIT THAN GOVT-TO-COMPANY CONTRACT. AMBAS-SADOR AND COL COX COULD NOT RPT NOT CONVINCE HIM OTHERWISE. MINDEF CITED KUWAITI UNDERSTANDING NOW OF ADVANTAGES OF DOD LETTER OF OFFER SYSTEM AND KUWAITI NEED FOR REGULAR US GUIDANCE AND ADVICE. WE ARE CONVINCED THIS SHIFT IN KUWAITI THINKING REFLECTS GOK INTEREST IN CLOSER COOPERATION WITH USG ACROSS THE BOARD AND THEREFORE DESERVED QUICK POSITIVE RESPONSE. ACTION REQUESTED: THAT DOD DEVELOP LETTER OF OFFER FOR IHAWK FOR KUWAITIS AND THAT, ON ASSUMPTION FULL L/O WILL REQUIRE SEVERAL MONTHS TO CALCULATE, SOME INTERIM DOCUMENT BE DEvised QUICKLY WHICH WILL COMMIT GOK TO IHAWK PROGRAM AND YET COVER ALL CONTING-ENCIES WHILE FINAL L/O IS UNDER PREPARATION. END SUMMARY.

1. COL COX AND I CALLED ON MINDEF SHAIKH SA'AD AT HIS REQUEST

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AUGUST 3. WE HAD ADVANCE WORD HE WISHED TO TALK ABOUT IHAWK

CONTRACT WHICH GOK HAS BEEN NEGOTIATING WITH RAYTHEON DURING PAST SEVERAL DAYS.

2. MINDEF SAID HE AND HIS OFFICERS HAD BEEN THROUGH FULL REVIEW OF IHAWK (READ OVERALL KUWAITI AIR DEFENSE) PROGRAM AND HAD COME TO CONCLUSION KUWAIT SHOULD GO GOVERNMENT TO GOVERNMENT ROUTE INSTEAD OF GOVERNMENT TO COMPANY. HE ASKED IF GOK COULD SIGN A LETTER OF OFFER ON IHAWK UPDATED ON A PERCENTAGE BASIS FROM L/O WE HAD SUBMITTED TO HIM LAST APRIL WITH A COMMAND AND CONTROL ELEMENT, TRAINING, ETC., ADDED.

3. COX AND I STRONGLY EMPHASIZED PROBLEMS OF RETURNING AT THIS POINT TO FMS SALES CASE ON IHAWK, LENGTH OF TIME AND EFFORT INVOLVED IN REWORKING ALL THE FIGURES, ETC., ETC. WE DID OUR UTMOST TO ALLAY HIS BASIC CONCERN THAT USG WOULD WASH ITS HANDS OF IHAWK KUWAIT AIR DEFENSE PROGRAM ONCE KUWAITIS HAD SIGNED WITH PRIVATE COMPANY.

4. SHAIKH SA'AD COULD NOT BE CONVINCED. IN MOST PERSUASIVE DISPLAY OF CANDOR, HE SAID HE HAD, QUITE SIMPLY, BEEN WRONG NOT TO SIGN ORIGINAL IHAWK L/O. KUWAITIS, HE SAID, HAD STARTED FROM POINT OF IGNORANCE ON VIRTUALLY ALL MILITARY MATTERS, AND ESPECIALLY, USG METHODS OF DOING BUSINESS WITH LETTERS OF OFFER WHICH DEALT WITH ESTIMATED RATHER THAN FIRM FINAL FIGURES. KUWAITIS HAD LEARNED A GREAT DEAL IN LAST THREE YEARS. THEY HAD FINALLY COME TO REALIZE HOW TECHNICAL AND COMPLEX A PROGRAM LIKE IHAWK COULD BE, AND HOW ILL-EQUIPPED THEY WERE AT THIS STAGE OF THEIR DEVELOPMENT TO COPE WITH MODERN MILITARY PROGRAMS. MINDEF ASKED FOR OUR UNDERSTANDING AND ASSISTANCE. KUWAITI MILITARY, HE SAID, CLEARLY WAS GOING TO NEED HELP AND ADVICE ALL ALONG THE WAY, AND KUWAITIS NOW UNDERSTOOD THE USG'S ROLE AS A HELPFUL FRIEND RATHER THAN A BUSINESS ADVERSARY.

5. WE REPLIED WE APPRECIATED MINDEF'S FRANKNESS. WE PREPARED ASSIST IN ANY APPROPRIATE AND REASONABLE WAY. HOWEVER, MINDEF SHOULD UNDERSTAND, WE SAID, THAT USG HAD ALREADY GONE TO GREAT LENGTHS TO BE RESPONSIVE TO KUWAITI REQUESTS IN MILITARY FIELD, AND SHAIKH SA'AD WOULD SURELY AGREE THAT NO ONE'S ENTHUSIASM COULD SURVIVE REPEATED DELAYS IN DECISIONS AND SHIFTS IN REQUESTS APPARENTLY LEADING NOWHERE.

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6. MINDEF SAID HE FULLY APPRECIATED THE POINT. FACT WAS KUWAIT NOW UNDERSTOOD LETTER OF OFFER SYSTEM WHICH UNQUESTIONABLY WAS TO BEST INTEREST OF GOK. IN ADDITION, HE UNDER GREAT PRESSURE FROM HIGHEST LEVELS OF GOK (READ PRIMEMIN/CROWN PRINCE) TO GET IHAWK PROGRAM MOVING SOONEST. WHAT COULD WE DO?

7. I SAID I WOULD GO BACK TO WASHINGTON AND EXPLAIN GOK WISH FOR

FMS SALES CASE FOR IHAWK. TO REFIGURE THE WHOLE PACKAGE, I SAID, WAS MONUMENTAL TASK AND I NOT RPT NOT PREPARED URGE DOD TO UNDERTAKE PREPARATION OF NEW FMS PROPOSAL ON CRASH BASIS. ON PURELY PERSONAL BASIS I SAID I THOUGHT IT MIGHT BE WORTH ASKING DOD IF IT WOULD BE POSSIBLE TO PREPARE SOME SORT OF RUDIMENTARY L/O WHICH COMMITTED GOK TO PURCHASE OF IHAWK AND WHICH PADDED ESTIMATED PRICES TO ENSURE THERE NO QUESTION OF THEIR ADEQUACY UNDER ANY CIRCUMSTANCES DURING SUBSEQUENT CALCULATIONS. SIGNATURE OF SUCH AN L/O WOULD ENSURE KUWAIT HAD PLACE ON RAYTHEON ASSEMBLY LINE AND ALLOW DOD TO PROCEED TO REFIGURE THE WHOLE PACKAGE AS FMS CASE AT A REASONABLE PACE.

8. COMMENT: KUWAITI DESIRE RETURN AFTER ALL TO L/O'S HAS ADDED TO BURDENS OF DOD AND THIS WE CAN ALL REGRET. HOWEVER, I AM PERSUADED THIS MOVE ALSO REFLECTS IMPORTANT SHIFT IN KUWAITI THINKING FROM PREVIOUS RELUCTANCE TO ASSOCIATE CLOSELY WITH USG TO KEEN INTEREST IN DOING SO. THIS SHIFT HAS OCCURRED AT THE TOP OF KUWAITI LEADERSHIP, AND OBVIOUSLY HAS POTENTIALLY FAR-REACHING IMPLICATIONS NOT ONLY IN MILITARY BUT IN OTHER AREAS OF US-KUWAITI COOPERATION. IT PARALLELS KUWAITI DESIRE WE HAVE REPORTED ELSEWHERE TO ACHIEVE CLOSER TIES WITH US IN INVESTMENT, FINANCIAL, SCIENTIFIC, ALTERNATE ENERGY SOURCES, AND OTHER FIELDS.

9. ACTION REQUESTED: (A) THAT DOD DEVELOP LETTER OF OFFER FOR IHAWK FOR KUWAIT AND (B) THAT, ON ASSUMPTION FULL L/O WILL REQUIRE SEVERAL MONTHS OF PREPARATION SOME INTERIM DOCUMENT BE DEvised QUICKLY WHICH GOK CAN SIGN TO GET IHAWK PROGRAM UNDERWAY, AND YET WHICH WILL COVER ALL CONTINGENCIES ON OUR SIDE WHILE COMPLETE L/O IS BEING PREPARED.
STOLTZFUS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY EQUIPMENT, SALES, NEGOTIATIONS, MISSILES
Control Number: n/a
Copy: SINGLE
Draft Date: 05 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KUWAIT03273
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740212-0969
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740874/aaaaclwm.tel
Line Count: 145
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: ECTS GOK INTEREST IN CLOSER COOPERAT, ION WITH USG ACROSS THE
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 21 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 AUG 2002 by kellew0>; APPROVED <21 FEB 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: US MILITARY SALES TO KUWAIT: IMPROVED HAWK AND AIR DEFENSE
TAGS: MASS, KU, US
To: STATE DOD
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005